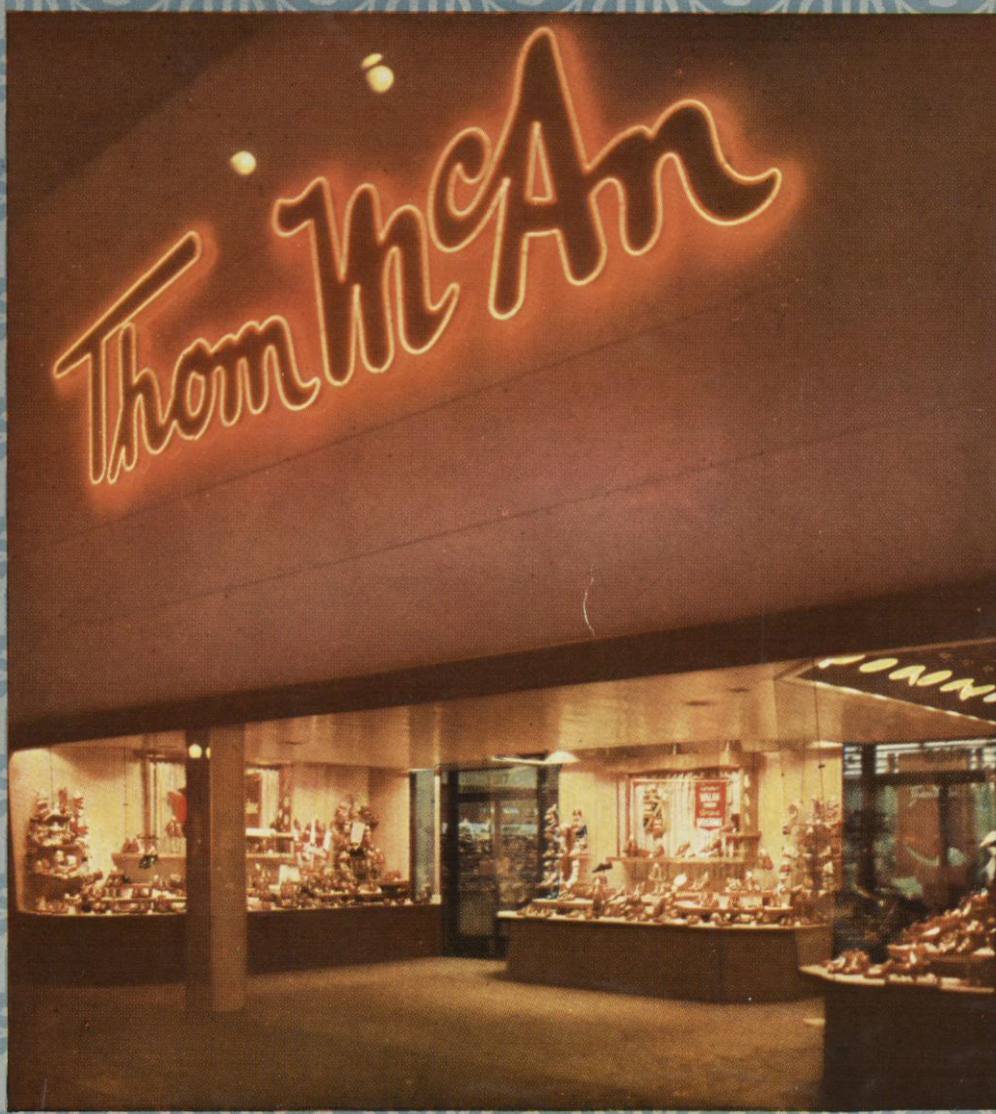
Melville Shoe Corporation

Annual Report



1950

One of Melville Shoe Corporation's newest stores, at 6317 South Halsted Street, Chicago, was opened on July 29, 1950. Part of the interior is shown here, and the 38-foot store front is pictured on our cover. So far as is known, this is the largest men's shoe store on one floor in the United States.

MELVILLE SHOE CORPORATION AND SUBSIDIARY COMPANIES

ANNUAL REPORT FOR THE YEAR *1950*

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MELVILLE SHOE CORPORATION

EXECUTIVE OFFICES: 25 West 43rd Street, New York 18

ACCOUNTING AND GENERAL OFFICES AND WAREHOUSE:

44 Hammond Street, Worcester 3, Mass.

J. F. McELWAIN COMPANY

FACTORIES: Nashua, N. H. (4); Manchester, N. H. (7); Athol, Mass. (1)

GENERAL OFFICES: 103 Temple Street, Nashua, N. H.

BOSTON OFFICE: 140 Federal Street, Boston 10

MELVILLE SHOE CORPORATION

Directors

J. Franklin McElwain, CHAIRMAN · Frederic Attwood · George Dick · Robert C. Erb · Lester R. Fallon · Joel E. Fisher · Francis H. Gleason · Ward Melville · Joseph L. Merrill · Francis P. Murphy · Seward M. Paterson · J. Brent Wells

Officers

Ward Melville, PRESIDENT · Lester R. Fallon, EXECUTIVE VICE-PRESIDENT · Joseph L. Merrill, VICE-PRESIDENT, FINANCE · George Dick, VICE-PRESIDENT, SHOE MERCHANDISING · J. Brent Wells, VICE-PRESIDENT, SALES PROMOTION, GENERAL MANAGER OF JOHN WARD CHAIN · John B. Fitch, VICE-PRESIDENT, PERSONNEL AND PUBLIC RELATIONS · Edward W. Hemphill, VICE-PRESIDENT, HOSIERY MERCHANDISING · Leonard A. Shea, VICE-PRESIDENT, GENERAL MANAGER OF GOLD LINE CHAIN · H. Albert Brodin, TREASURER · Joel E. Fisher, SECRETARY · Frank Sokol, ASSISTANT TREASURER · Arthur Paar, ASSISTANT SECRETARY

J. F. McELWAIN COMPANY

Directors

J. Franklin McElwain, CHAIRMAN · Robert C. Erb · Randall D. Esten · Francis H. Gleason · James C. Mackay · Ward Melville · Joseph L. Merrill · Francis P. Murphy · Robert A. T. Nelson · Seward M. Paterson

Officers

Robert C. Erb, PRESIDENT, GENERAL MANAGER, HEAD OF MERCHANDISING AND SALES DIVISION · Francis H. Gleason, EXECUTIVE VICE-PRESIDENT, ASSISTANT GENERAL MANAGER, HEAD OF UPPER LEATHER DIVISION · Francis P. Murphy, VICE-PRESIDENT · Seward M. Paterson, VICE-PRESIDENT · Robert A. T. Nelson, VICE-PRESIDENT, HEAD OF MANUFACTURING DIVISION · James C. Mackay, VICE-PRESIDENT, HEAD OF SOLE LEATHER DIVISION · Randall D. Esten, TREASURER · Clinton P. Wallace, COMPTROLLER Agnes H. Fischer, ASSISTANT TREASURER

MELVILLE REALTY CO., INC. and THE R-W REALTY CO. INC.

Arthur Paar, PRESIDENT · James O. Thomas, VICE-PRESIDENT · H. Albert Brodin, TREASURER · Joel E. Fisher, SECRETARY · Bertha K. Smith, ASSISTANT SECRETARY

Counsel: Davis Polk Wardwell Sunderland & Kiendl. Auditors: Peat, Marwick, Mitchell and Co. Transfer Agent: Irving Trust Company, *1 Wall Street, New York 15.* Registrar: City Bank Farmers Trust Co., *22 William Street, New York 15*

To the Stockholders of Melville Shoe Corporation:

Operations for the year 1950 are summarized on the opposite page, and detailed financial statements will be found on pages 8 to 10. Earnings before taxes were 5.8% greater in 1950 than in 1949; earnings after taxes were 6.3% less than in 1949; and net sales were 1.2% less than in 1949.

Dividend payments during the year amounted to $1.80 per share on the common stock, the rate which has been in effect during each of the past three years. The company can earn slightly more than this amount before it is subject to the excess profits tax in its present form.

A variety of problems has been created by the sharp increase in raw material costs which occurred following the outbreak of the Korean war, by governmental controls over prices, wages, and construction, and by all of the other factors inevitably present in a period of expanding defense preparations. Since the organization has demonstrated its ability to meet such problems as they have arisen in the past, we look forward to the future with confidence.

The officers and directors wish to express their sincere appreciation to all of their 6,500 associates and co-workers in stores, warehouse, factories, and offices, for their continued cooperation in our effort to serve the public well, and to all those stockholders who sent in suggestions during the year. We wholeheartedly welcome suggestions for improving any phase of our operations or our reports, and we hope every stockholder will take a personal interest in the business.

Respectfully submitted,

J. Franklin McElwain

CHAIRMAN OF THE BOARD

Ward Melville

March 12, 1951 PRESIDENT

Highlights

	1950	1949	Percent Change
Sales:			
Factory	$ 42,978,136	$ 43,292,986	— .7
Stores	70,886,795	71,864,212	— 1.4
Total Sales	113,864,931	115,157,198	— 1.1
Inter-company Sales	36,784,151	37,128,278	— .9
Net Sales	77,080,780	78,028,920	— 1.2
Earnings Before Federal Taxes	9,630,686	9,099,339	+ 5.8
Net Earnings After Taxes	5,188,836	5,538,010	— 6.3
Net Earnings Percent of Total Sales	4.56%	4.81%	
Net Earnings Percent of Net Sales	6.73%	7.10%	
Earnings Per Share of Common Stock	$2.22	$2.37	— 6.3
Dividend on Common Stock	4,212,803	3,997,860	+ 5.4
Dividend Per Share of Common Stock	1.80	1.80	
Retained for Use in the Business	974,689	1,443,724	—32.5
Wages and Compensation	18,924,759	19,258,854	— 1.7
Taxes—Federal, State and Local	5,653,838	4,640,645	+21.8
Taxes—Per Share of Common Stock	2.42	1.98	+21.8
Cash and Governments	13,472,929	13,611,331	— 1.0
Inventories	9,927,011	7,480,120	+32.7
Total Current Assets	25,241,399	22,442,510	+12.5
Total Current Liabilities	9,836,032	7,840,468	+25.5
Net Working Capital	15,405,367	14,602,042	+ 5.5
Ratio of Working Capital	2.57	2.86	—10.1
Bank Loans, Mortgages or Funded Indebtedness	None	None	
Capital Additions and Improvements	$ 1,484,329	$ 1,662,967	—10.7
Maintenance and Repairs	408,126	396,474	+ 2.9
Depreciation	1,261,057	1,082,237	+16.5
Plant, Property and Equipment	13,723,859	12,927,312	+ 6.2
Accumulated Depreciation and Amortization	7,415,772	6,795,956	+ 9.1
Number of Stockholders	10,219	9,568	+ 6.8
Number of Employees	6,517	6,687	— 2.5
Number of Stores	560	560	
Number of Shares of Preferred Stock	None	224	
Number of Shares of Common Stock	2,340,458	2,340,458	

Twenty-Year Financial and Operating Record

Year	Stores at Year-end	Pairs Sold Retail	Pairs Per Store	Retail Sales	Factory Sales	Total Sales	Wages and Compensation	Taxes	Earnings before Fed. I. & E. P. Taxes*	Earnings After Taxes	Earnings Per Common Share**	Dividends Per Common Share***
1931	476	6,470,720	13,577	$26,286,518	$11,600,146	$37,886,664	$5,851,530	$512,681	$1,884,777	$1,656,660	$.71	$.50
1932	499	5,731,535	11,953	20,594,311	8,497,864	29,092,175	4,669,608	367,652	1,306,012	1,185,338	.51	.38
1933	535	6,369,254	12,489	21,112,783	10,631,665	31,744,448	5,367,621	592,982	2,345,562	2,069,059	.88	.30
1934	588	7,686,068	13,635	27,215,927	14,398,684	41,614,611	6,834,385	770,788	3,072,171	2,634,265	1.13	.45
1935	609	9,085,155	15,388	30,355,524	16,947,267	47,302,791	7,765,484	871,106	3,477,078	3,001,984	1.28	.72
1936	651	9,907,356	15,654	35,300,758	19,578,204	54,878,962	8,630,006	1,283,826	4,282,927	3,534,897	1.51	1.25
1937	690	10,314,791	15,388	38,155,438	22,199,736	60,355,174	9,976,537	1,335,660	3,344,873	2,801,695	1.20	1.25
1938	677	10,146,182	14,732	36,042,285	19,053,609	55,095,894	9,390,127	1,364,004	2,808,403	2,295,534	.98	.75
1939	663	10,713,767	16,058	38,326,853	21,721,707	60,048,560	9,913,010	1,625,112	3,873,292	3,141,161	1.34	1.00
1940	666	10,933,085	16,458	40,260,777	22,446,029	62,706,806	9,847,880	1,921,556	4,339,218	3,210,961	1.37	1.12
1941	659	12,220,781	18,427	46,653,910	28,588,553	75,242,463	11,982,680	2,789,468	4,753,348	2,924,275	1.25	1.12
1942	579	11,857,383	19,020	51,644,040	36,982,550	88,626,590	13,990,280	5,714,719	7,478,200	2,582,863	1.10	1.00
1943	556	8,797,480	15,621	39,238,096	29,288,336	68,526,432	11,778,538	2,985,542	4,674,122	2,452,069	1.05	1.00
1944	549	8,397,002	15,234	37,051,163	33,238,881	70,290,044	13,018,344	2,545,030	3,884,527	2,192,797	.94	1.00
1945	536	8,840,691	16,338	41,216,792	34,956,285	76,173,077	14,038,031	3,008,300	4,631,577	2,400,907	1.03	1.00
1946	519	11,599,430	22,098	60,213,552	35,072,592	95,286,144	15,728,749	3,397,749	6,586,968	3,895,968	1.66	1.15
1947	519	11,017,192	21,364	71,992,773	48,566,594	120,559,367	18,747,576	4,971,733	9,437,690	5,419,690	2.32	1.65
1948	547	10,658,054	20,117	75,568,381	48,446,862	124,015,243	19,842,748	4,919,880	9,655,816	5,907,816	2.52	1.80
1949	560	10,311,100	18,595	71,864,212	43,292,986	115,157,198	19,258,854	4,640,645	9,099,339	5,538,010	2.37	1.80
1950	560	9,547,984	16,989	70,886,795	42,978,136	113,864,931	18,924,759	5,653,838	9,630,686	5,188,836	2.22	1.80

*Actual consolidation of Melville Shoe Corporation and J. F. McElwain Company did not occur until December 22, 1939.

**On basis of the capitalization of Melville Shoe Corporation as of December 31, 1950.

***On Melville Shoe Corporation stock oustanding each year. Adjusted, all years, for 2-for-1 split; adjusted, before 1940, on basis of reclassification of stock incident to consolidation with J. F. McElwain Company, which involved exchange of 1 share of old common stock for 2 shares of new common stock and 1/10 share of preferred stock. Dividends on J. F. McElwain Company stock prior to 1940 not included.

Character of Business

MELVILLE SHOE CORPORATION, founded in 1892 and incorporated in 1914, is the largest integrated shoe manufacturing-retailing organization in the United States. It is fifth in net sales and second in net earnings in the shoe industry. It operates 560 stores in 41 states and the District of Columbia; 12 factories in New Hampshire and Massachusetts; a warehouse in Worcester, Massachusetts, that distributes shoes to all stores and serves as a record-keeping center for accounting and merchandise distribution; a factory office in Boston, and an executive headquarters in New York. Of the 560 stores, 550 are Thom McAn stores selling popular-priced men's and boys' shoes; ten are John Ward stores, located in the East, selling medium-priced men's shoes.

The first Thom McAn store was opened in 1922. Although 79 of the 550 Thom McAn stores sell women's and children's shoes, in addition to men's and boys', 90% of the company's business is in men's and boys' shoes, hosiery and rubber footwear.

Women's shoes and accessories are sold at locations where, because of the character of the neighborhood or other factors, it is desirable to operate a combination store. Many of these combination stores are in towns or neighborhoods where stores selling men's shoes alone could not be operated profitably.

In 1939, Melville Shoe Corporation was merged with the J. F. McElwain Company, manufacturers of Thom McAn men's and boys' shoes, a company with which it had already worked in closest coordination for eighteen years. The companies, although under one ownership, and although closely coordinated in merchandising, remain entirely separate in operation—one concentrating on distribution and the other on production. At the end of 1950, the J. F. McElwain Company was approaching the production of its 200-millionth pair of Thom McAn shoes, an event which was celebrated in February 1951.

To the Board of Directors, Melville Shoe Corporation, New York, N. Y.

We have examined the consolidated statement of financial condition of Melville Shoe Corporation and subsidiary companies as of December 31, 1950 and the related statement of consolidated earnings and balance of consolidated earnings retained for use in the business for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated statement of financial condition and statement of consolidated earnings and balance of consolidated earnings retained for use in the business present fairly the financial position of Melville Shoe Corporation and subsidiary companies at December 31, 1950 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PEAT, MARWICK, MITCHELL & CO.

Worcester, Mass.
February 16, 1951

Melville Shoe Corporation

CONSOLIDATED STATEMENT OF FINANCIAL CO

Net Assets in which Capital and Retained Earnings were Invested	December 31 *1950*	*1949*
CURRENT ASSETS:		
Cash in banks and on hand	$12,955,259	$13,093,495
United States Government securities, at cost	517,670	517,836
Accounts receivable, trade and miscellaneous, *less* Provision for possible losses	1,292,686	774,642
Inventories, *less* Provision for price decline:		
Finished goods	6,352,780	4,612,052
Work in process, raw materials and supplies	3,574,231	2,868,068
	9,927,011	7,480,120
Prepaid insurance, taxes, rents, supplies, etc.	548,773	576,417
Total Current Assets	25,241,399	22,442,510
Deduct CURRENT LIABILITIES:		
Accounts payable	2,857,429	1,845,054
Accrued taxes, rents, royalties, and sundry expenses	1,969,603	1,901,242
Provision for Federal income and excess profits taxes	5,009,000	4,094,172
Total Current Liabilities	9,836,032	7,840,468
WORKING CAPITAL	15,405,367	14,602,042
Refunds of Federal taxes under Section 22(d) (6) of the Internal Revenue Code resulting from replacement of inventories maintained on "last-in, first-out" basis	1,488,901	1,472,794
Investments:		
Cash and United States Government securities, at cost, held by bank as security for store managers' deposits	142,000	142,000
Less Store managers' security deposits	119,456	116,695
	22,544	25,305
Cash surrender value of $764,000 of life insurance policies on life of the President	272,825	253,275
	295,369	278,580
Property, plant and equipment, at cost:		
Land and buildings	1,875,626	1,857,064
Machinery and equipment	1,390,320	1,369,746
Store and office fixtures, improvements to leased properties and miscellaneous equipment	10,457,913	9,700,502
	13,723,859	12,927,312
Less Accumulated depreciation and amortization	7,415,772	6,795,956
	6,308,087	6,131,356
Cash in preferred stock retirement fund	—	23,744
	23,497,724	22,508,516
Deduct Provision for self-insurance, etc.	341,220	304,301
	$23,156,504	$22,204,215

and Subsidiary Companies

IDITION AS OF DECEMBER 31, 1950 AND 1949

Sources from which Net Assets were Obtained	December 31 *1950*	*1949*
Preferred stock, 4% cumulative convertible, par value $100 each:		
Authorized, 80,000 shares		
Issued, 65,668 shares	$ —	$ 6,566,800
Less 65,438 shares converted into common	—	6,543,800
	—	23,000
Less Held for retirement, 6 shares	—	600
Balance represented by 224 shares, redeemed on February 1, 1950 at $105 per share plus accrued dividends	—	22,400
Common stock, par value $1 each		
Authorized, 2,500,000 shares		
Issued, 2,340,458 shares (par value $2,340,458) *(See Note 2)*	11,407,355	11,407,355
Balance of earnings retained for use in the business	11,749,149	10,774,460

Notes to Financial Statements

(1) *Inventories:*

Inventories have been determined on the basis of physical inventories taken principally during the latter part of the year and adjusted to the end of the year. A substantial part of the physical inventories was observed by the Companies' independent public accountants who also tested the inventory prices and compu tations. The Companies continued the policy of determining inventories by the elective method ("last-in, first-out") provided for in the Revenue Act of 1939 except as to approximately $1,937,000 at December 31, 1950 and $1,871,000 at December 31, 1949 stated at the lower of cost or replacement market (cost being computed principally on the basis of current average by classes, with some materials on the basis of specific invoice cost).

(2) *Common stock:*

The excess of common stock capital liability over the aggregate par value of issued shares amounting to $9,066,897 at December 31, 1950 represents capital arising from conversion of preferred shares of the par value of $100 each into common shares of the par value of $1 each and is included in common stock capital because of statutory requirements and resolution of the Board of Directors.

(3) *Long-term leases:*

At December 31, 1950 the total minimum annual fixed rentals payable under leases expiring after December 31, 1955 was $788,000 per annum. Leases cover ing about 90% of this amount expire on various dates prior to December 31, 1960.

(4) *Retirement plan:*

Melville Shoe Corporation has a contributory retirement plan for employees. The liability under the plan for the year ended December 31, 1950 amounted to $180,690. In the event the plan is continued from year to year the maximum pay ments on account of past service will aggregate approximately $517,000 of which $414,000 has been paid.

	$23,156,504	$22,204,215

Melville Shoe Corporation and Subsidiary Companies

STATEMENT OF CONSOLIDATED EARNINGS AND BALANCE OF CONSOLIDATED EARNINGS RETAINED FOR USE IN THE BUSINESS FOR THE YEARS ENDED DECEMBER 31, 1950 AND 1949

			1950	1949
Sales:				
Store and factory sales			$113,864,931	$115,157,198
	1950	1949		
Store sales	$70,886,795	$71,864,212		
Factory sales	42,978,136	43,292,986		
Less inter-company sales			36,784,151	37,128,278
Net sales			77,080,780	78,028,920
Cost of sales and store operating, selling, general and administrative expenses			66,040,685	67,711,037
			11,040,095	10,317,883
Deduct:				
Depreciation			1,261,057	1,082,237
Employees' retirement plan			180,690	179,655
Other charges			52,982	42,957
			1,494,729	1,304,849
			9,545,366	9,013,034
Add:				
Net profit on real estate operations			33,600	36,863
Other income			51,720	49,442
			85,320	86,305
Earnings before Federal taxes			9,630,686	9,099,339
Provision for Federal taxes:				
Normal and surtax			4,207,299	3,561,329
Excess profits			234,551	—
			4,441,850	3,561,329
Net Earnings			5,188,836	5,538,010
Deduct:				
Cash dividends paid:				
Preferred stock, 4% per annum			224	96,426
Common stock, $1.80 per share			4,212,803	3,997,860
			4,213,027	4,094,286
Premium on preferred stock redeemed February 1, 1950			1,120	—
			4,214,147	4,094,286
Current earnings retained for use in the business			974,689	1,443,724
Amount at beginning of period			10,774,460	9,330,736
Balance of earnings retained for use in the business			$ 11,749,149	$ 10,774,460

See Notes to Financial Statements on preceding page.

A Brief Review of 1950

Consolidated net earnings for the year amounted to $5,188,836 as against $5,538,010. This represents earnings of $2.22 per share, compared with $2.37 per share for 1949. Earnings before taxes were $9,630,686 in 1950, as against $9,099,339 in 1949.

Total sales in 1950 were $113,864,931, as compared with $115,157,198 in 1949. Sales at retail were $70,886,795, compared with $71,864,212 in 1949.

Total unit sales of shoes for the year at retail and to outside customers were 10,557,661, compared with 11,371,820 pairs in 1949. Unit sales of shoes at retail for the year were 9,547,984, as compared with 10,311,100 in 1949.

The sale of men's safety shoes (with steel protective cap) increased substantially during 1950, both in units and in dollars. The company has special representatives visiting and selling direct to industrial plants east of the Mississippi, and it also sells safety shoes in 410 of the 550 Thom McAn stores. It is one of the country's largest manufacturers of safety shoes.

Steel-capped safety shoes, made in a variety of styles, look like conventional models.

Hosiery sales were $5,433,194 compared with $5,616,783 in 1949. Unit sales of hosiery in 1950 were 12,375,689 pairs compared with 12,899,153 pairs in 1949.

RETAIL OPERATIONS

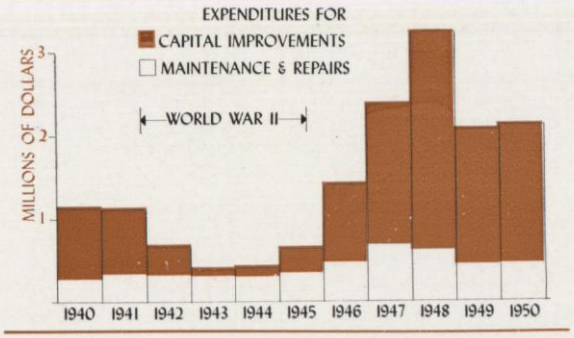
The principal feature of retail operations during 1950 was the expanded style program of Thom McAn men's shoes. It is generally agreed that the Thom McAn line, offering shoes to men of all ages, is now broader than any other branded line offered to the public. The steady growth of the style factor in men's shoes in the past decade is reflected in Thom McAn shoes as they are being sold today.

A novelty shoe introduced in 1950 is this western-style square-dancing boot.

An addition to the John Ward stores was a limited line of imported British shoes, made in Kilmarnock, Scotland, by craftsmen famous for their bootmaking skill. Because of the devaluation of the pound, these shoes can be

priced advantageously, within the John Ward range.

During 1950 the company remodeled, enlarged or otherwise improved 101 stores. It has now concluded the major portion of its post-war modernization program, which is consid-



ered fortunate in view of the recently announced governmental restrictions on commercial construction. Nineteen stores were replaced by new stores in different locations in the same communities; five stores were closed; and five new stores were opened, three in additional neighborhoods in Houston, Dallas and Detroit, and two in communities not formerly served, Hattiesburg, Miss., and Middletown, Ohio.

COSTS AND PRICES

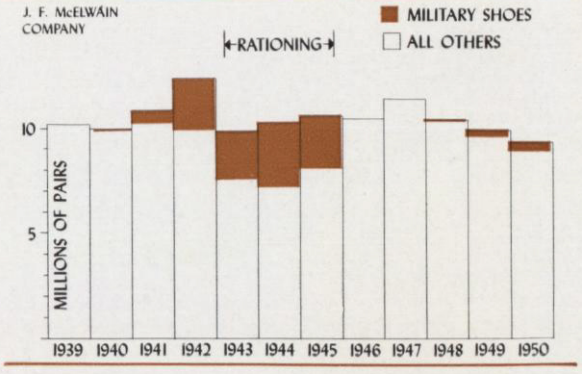
Prior to the Korean invasion in June, the supply and demand situation on raw materials was in reasonable balance, and there was a tendency toward declining prices. Following the outbreak of war in Korea, however, the influence of actual and anticipated military demands resulted in a rapid increase of costs. Various types of hides and skins advanced 30% to 75%. Upper leather advanced 30% to 50%, and sole leather 50% to 100%. Other materials going into shoes, such as rubber and textiles, also rose drastically.

These raw material advances forced increases in all shoe prices. Such increases were unwelcome to Thom McAn, which has always regarded itself as a purchasing agent for the consumer, with a permanent interest in making available to the public the lowest possible prices consistent with the maintenance of the Thom McAn standard of quality.

IMPACT OF DEFENSE PROGRAM

The present outlook is that military requirements will take approximately 20% of the normal welt shoe production. The potential capacity of the industry is entirely adequate to cover this in addition to normal civilian requirements. No shortages in civilian supply are anticipated at present, although restrictions on certain materials may curtail the variety of styles offered.

The expanded defense preparations which this country is undertaking will affect all industry, directly and indirectly. The principal influence, so far as men's shoe sales are concerned, will be the total number of men who are inducted. In large-scale war operations, the number becomes large enough to affect men's dress shoe sales substantially. However, induction of the total number of men which has been stated as a goal for mid-1951 would not affect men's shoe sales seriously.



The company's sales at retail during World War II declined; but its factories were as busy during war as during peace. In 1944, for example, the J. F. McElwain Company manufactured 3,130,000 pairs of military shoes. Its

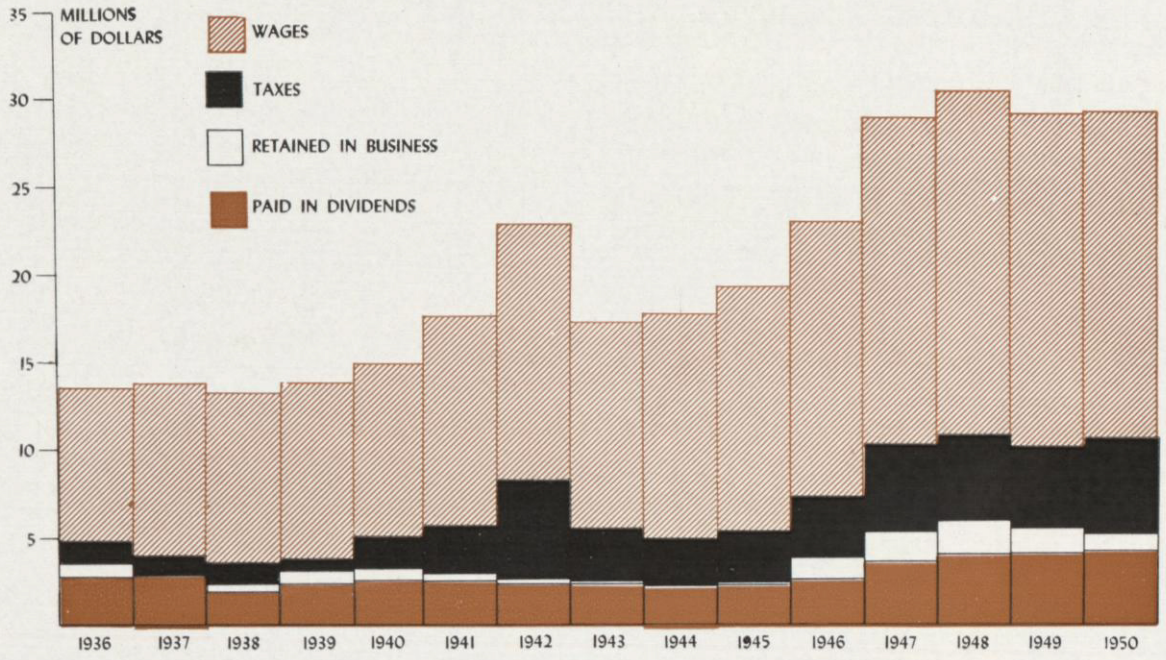
total production in that year was 10,200,000 pairs, or somewhat more than its total production in 1950.

During 1948, 1949, and 1950, the company produced 1,171,000 pairs for the armed forces, and the company has contracts during the first quarter of 1951 for the production of 744,000 additional pairs.

TAXES

Federal, state, and local taxes amounted to $5,653,838, equivalent to $2.42 per share of common stock outstanding.

Provisions for Federal income taxes amounted to $4,441,850, which is equivalent to $1.90 per share of common stock outstanding. Of this



The company's payments to employees, government, and common stockholders, and the amount retained for use in the business, during the last two years, were:

	1950	*1949*
Wages	$18,924,759	$19,258,854
Taxes—Federal, State, and Local	5,653,838	4,640,645
Retained for use in the business	974,689	1,443,724
Dividends on Common Stock	4,212,803	3,997,860

After payments for materials, merchandise, taxes, and other necessary expenses and the amount reinvested in the business, 82% of the distributable income went to the company's 6,517 employees, and 18% to its 10,219 stockholders.

amount, $234,551 is to cover Federal excess profits taxes, levied retroactively on second half earnings, under the law enacted in December, 1950.

Under the present excess profits tax law, the company can earn slightly more than its current annual dividend before beginning to pay an excess profits tax.

DIVIDEND RECORD

Melville Shoe Corporation has paid dividends each year since 1916, in which year the Corporation was activated. During the last ten years, the Corporation has paid out in common dividends 77% of earnings after preferred dividends. Total dividends paid in the ten years, on both common and preferred, were 79% of earnings. The remaining balance of the outstanding preferred stock, 224 shares, was called for redemption on February 1, 1950. The company's capitalization now consists entirely of common stock.

STOCKHOLDERS

On February 1, 1951, the company had 10,219 stockholders living in 48 states, the District of Columbia, and four foreign countries.

These stockholders included 690 trustees and guardians, 117 churches, universities, hospitals and charitable institutions. 3,502, or 34.2 per cent, were women.

1,460, or 14.2 per cent of our stockholders owned less than	20 shares
3,617, or 35.3 per cent of our stockholders owned less than	50 shares
5,554, or 54.3 per cent of our stockholders owned less than	100 shares
10,015, or 98.0 per cent of our stockholders owned less than	1,000 shares

PROXIES

Proxies will be solicited on or about March 16, 1951, for the Annual Meeting to be held April 2, 1951.

Stores of Melville Shoe Corporation

AS OF DECEMBER 31, 1950

John Ward — 10 stores

Boston • Brooklyn (2) • Newark • New York (4) • Philadelphia • Washington

Thom McAn

550 Stores, including Leased Departments (starred), in 318 Cities in 41 States and the District of Columbia

ALABAMA (3)
Birmingham (2)
Mobile

ARIZONA (2)
Phoenix
Tucson

ARKANSAS (1)
Little Rock

CALIFORNIA (20)
Compton
Glendale
Hollywood
Huntington Park
Los Angeles (2)
Modesto
Oakland (2)
Palo Alto
Redwood City
Richmond
Sacramento
San Bernardino
San Diego
San Francisco (3)
San Jose
Santa Monica

COLORADO (2)
Denver (2)

CONNECTICUT (20)
Bridgeport (2)
Bristol
Danbury
Derby
Hartford (3)
Meriden
Middletown
New Britain
New Haven (3)
New London
Norwich
South Manchester
South Norwalk
Stamford
Waterbury

DELAWARE (1)
Wilmington

DISTRICT OF COLUMBIA (5)
Washington (5)

FLORIDA (12)
Fort Lauderdale
Jacksonville (2)
Lakeland
Miami (2)
Orlando
Pensacola
St. Petersburg
Tampa (2)
West Palm Beach

GEORGIA (6)
Atlanta (2)
Augusta
Columbus
Macon
Savannah

ILLINOIS (27)
Aurora
Chicago (17)
Danville
Decatur
Joliet
Kankakee
Moline
Peoria
Quincy
Rock Island
Springfield

INDIANA (14)
Anderson
Elkhart
Evansville
Fort Wayne (2)
Gary
Hammond
Indianapolis (2)
Lafayette
Marion
Muncie
Richmond
South Bend

IOWA (2)
Davenport
Des Moines

KENTUCKY (8)
Ashland *
Covington
Lexington
Louisville (3)
Newport
Paducah

LOUISIANA (6)
Baton Rouge
Monroe
New Orleans (3)
Shreveport

MAINE (2)
Lewiston
Portland

MARYLAND (12)
Baltimore (10)
Cumberland
Hagerstown

MASSACHUSETTS (43)
Allston
Attleboro
Boston (3)
Brockton
Cambridge
Chelsea
Dorchester (2)
East Boston
Everett
Fall River
Fitchburg
Framingham
Gloucester
Haverhill
Holyoke
Hyde Park
Lawrence (2)
Lowell
Lynn (2)
Malden
Medford
New Bedford (2)
Norwood *
Pittsfield
Quincy
Roslindale
Roxbury
Salem
Somerville
South Boston
Springfield (2)
Wakefield
Waltham
Woburn
Worcester (2)

MICHIGAN (29)
Ann Arbor
Battle Creek
Dearborn
Detroit (12)
Ferndale
Flint
Grand Rapids
Hamtramck
Highland Park
Jackson
Kalamazoo

Lansing
Muskegon
Pontiac
Port Huron
River Rouge
Saginaw
Wyandotte

MINNESOTA (5)
Duluth
Minneapolis (3)
St. Paul

MISSISSIPPI (6)
Biloxi *
Greenville
Hattiesburg
Jackson
Meridian
Vicksburg

MISSOURI (15)
Kansas City (3)
Maplewood
St. Joseph
St. Louis (10)

NEBRASKA (2)
Lincoln
Omaha

NEW HAMPSHIRE (2)
Manchester
Portsmouth

NEW JERSEY (34)
Asbury Park
Atlantic City
Bayonne
Bergenfield
Bloomfield
Camden (2)
Elizabeth
Hackensack
Harrison
Hoboken
Irvington
Jersey City (4)
Morristown
Newark (7)
New Brunswick
Orange
Passaic
Paterson
Plainfield
Red Bank
Trenton
Union
Union City
West New York

NEW MEXICO (1)
Albuquerque

NEW YORK (112)
Albany (3)
Amsterdam
Bay Shore
Binghamton
Buffalo (7)
Elmira
Freeport
Glens Falls
Hempstead
Huntington
Jamestown
Kenmore
Lynbrook
Mt. Vernon
Newburgh
New Rochelle
Niagara Falls
New York:
- Manhattan (20)
- Bronx (12)
- Brooklyn (24)
- Queens (16)
- Richmond (2)

Peekskill
Port Chester
Poughkeepsie
Rochester (2)
Schenectady
Syracuse
Troy
Utica (2)
Valley Stream
White Plains
Yonkers

NORTH CAROLINA (8)
Asheville
Charlotte
Durham
Greensboro
High Point
Raleigh
Wilmington
Winston-Salem

OHIO (42)
Akron (2)
Alliance
Canton
Cincinnati (5)
Cleveland (12)
Columbus (3)
Dayton (3)
Hamilton
Lima
Lorain
Mansfield
Middletown
Norwood
Portsmouth
Springfield
Steubenville
Toledo (3)
Warren
Youngstown (2)

OKLAHOMA (2)
Oklahoma City
Tulsa

OREGON (1)
Portland

PENNSYLVANIA (38)
Allentown
Altoona
Beaver Falls
Braddock
Chester
Erie (2)
Greensburg
Harrisburg
Hazleton
Homestead
Johnstown
McKeesport
New Castle
Philadelphia (15)
Pittsburgh (3)
Pottsville
Reading
Scranton
Upper Darby
Wilkes-Barre
York

RHODE ISLAND (9)
Newport
Pawtucket (2)
Providence (3)
Westerly
West Warwick
Woonsocket

SOUTH CAROLINA (4)
Charleston
Columbia
Greenville
Spartanburg

TENNESSEE (6)
Chattanooga
Johnson City
Knoxville
Memphis (2)
Nashville

TEXAS (28)
Abilene
Austin
Baytown
Beaumont
Brownsville
Corpus Christi (2)
Dallas (5)
El Paso
Fort Worth (2)
Galveston
Houston (4)
Laredo
Port Arthur
San Antonio (3)
Tyler
Waco
Wichita Falls

UTAH (2)
Ogden
Salt Lake City

VERMONT (1)
Burlington

VIRGINIA (7)
Lynchburg
Newport News
Norfolk (2)
Portsmouth
Richmond
Roanoke

WASHINGTON (1)
Tacoma

WEST VIRGINIA (4)
Charleston
Clarksburg
Huntington
Wheeling

WISCONSIN (5)
Madison
Milwaukee (2)
Oshkosh
West Allis